(c) With a view to make the environment in India more attractive for foreign investors,it has been decided to simplify the procedure vide Press Note dated 29th September, 2004 by placing the transfer of share from residents to non-residents with certain conditions, conversion of external commercial borowing into equity and increase in foreign equity participation by fresh issue of shares/conversion of preference share, under the General Permission route (i.e. RBI route) instead of existing Government approval route (i.e. FIPB route) for speedy investment approvals.

The issue of extension of validity of foreign collaboration (FC) approval in Government was reviewed and it has been decided that:

(i) Stipulation of specific validity dates for FC approvals for class of cases in sectors which are on automatic route, may be dispensed with. Being now on the automatic route, the investor may bring in capital when they like, regardless of earlier (initial) FIPB stipulations to bring in investment within a certain date; and

(ii) Class of cases which are not yet on the automatic route, for existing approvals extension of validity should not be insisted. In respect of fresh FIPB approvals, stipulation of specific validity dates for FC approvals has been dispensed with.

Curtailment of Government Expenditure

1925. SHRI R.P. GOENKA:
SHRIMATI MAYA SINGH:
SHRI KALRAJ MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently some directions have been issued to various Central Government Departments to adopt certain austerity measures in official expenditure so as to bring about savings of more than Rs. 2000 crores annually;

(b) if so, the details thereof, including the centralized monitoring mechanism established to help achieve the desired level of savings through various Departments; and

(c) the details of steps taken to check any deterioration in services provided by the concerned Departments while implementing the expenditure compression measures?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) It is Government's constant endeavour to contain non-plan, non-developmental expenditure. It is in this context that, along with other measures, instructions to avoid wasteful expenditure are issued by the Ministry of Finance from time to time to all the Ministries/Departments. The Ministry of Finance has issued fresh guidelines on expenditure management-fiscal prudence and austerity on 24th September, 2004. These measures, *inter-alia,* include ban on the creation of posts, reduction in the number of sanctioned posts, restrictions on the filling up of vacant posts, reduction in office expenses, restrictions on purchase of vehicles, restrictions on foreign travel and on entertainment/ hospitality expenses, mandatory 10% cut in the budgetary allocation for non-plan, non-salary expenditure. Ministries/Departments are to ensure strict compliance of these austerity instructions.

Clean Note Policy

1926. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India is getting tougher with implementation of its, clean note policy;

(b) if so, whether it is also a fact that inscribing messages, slogans and various remarks or defacement, disfigurement and scrawling on currency notes is prohibited under the Legal Tender Act, 1964;

(c) whether it is a fact that now banks can refuse to accept defaced and disfigured currency notes; and

(d) if so, the steps Government propose to take to educate the ordinary customers about the upkeep and proper handling of currency?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. In terms of the provisions of the Legal Tender (Inscribed) Notes Act 1964, and the RBI (Note Refund) Rules, the currency notes which bear written upon with any extrinsic words or visible representation intended to convey or capable of conveying a message of a political character shall not be a legal tender and the Reserve Bank of India (RBI) shall not be under any legal obligation to receive any such note or to issue coins or currency/bank notes in exchange for any such note or to refund the value of such notes.